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LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

Annual Financial Statements

For the Year Ended June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1 2 09

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Independent Auditor's Report

To the Board of Directors Louisiana Federation of Families for Children's Mental Health, Inc. Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Louisiana Federation of Families for Children's Mental Health, Inc. (the Federation), a non-profit Louisiana corporation, as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Federation of Families for Children's Mental Health, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008, on our consideration of Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Louisiana Federation of Families for Children's Mental Health, Inc. taken as a whole. The accompanying supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A Professional Accounting Corporation

Labety Selet, Ronig - How

December 30, 2008

LOUISIANA FEDEARATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC. Statement of Financial Position June 30, 2008

Assets	
Current Assets	
Contracts Receivable	\$ 100,144
Total Current Assets	100,144
Furniture and Equipment	
Furniture and Equipment	63,583
Accumulated Depreciation	 (52,627)
Total Furniture and Equipment, Net	10,956
Other Assets	
Deposits	 1,100
Total Assets	\$ 112,200
Liabilities and Net Assets	
Current Liabilities	
Overdraft Payable	\$ 5,757
Accounts Payable	4,310
Payroll Taxes Payable	 11,983
Total Current Liabilities	 22,050
Net Assets - Unrestricted	 90,150
Total Liabilities and Net Assets	\$ 112,200

LOUISIANA FEDEARATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC. Statement of Activities For the Year Ended June 30, 2008

	Unrestricted
Public Support and Revenues	
Government Grants and Contracts	\$ 531,029
Program Service Fees	32,429
Other Income	1,971_
Total Public Support and Revenues	565,429
Expenses	
Salaries	179,463
Program Expenses	128,733
Travel	73,429
Office Expenses	34,546
Service Fees	34,449
Insurance	19,774
Printing	18,616
Payroll Taxes	16,249
Rent Expense	14,300
Utilities	13,873
Professional Fees	11,445
Other	8,888
Depreciation	3,126
Dues and Memberships	2,799
Repairs and Maintenance	11_
Total Expenses	559,701
Change in Net Assets	5,728
Net Assets, Beginning of Year	84,422
Net Assets, End of Year	\$ 90,150

LOUISIANA FEDEARATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC. Statement of Cash Flows For the Year Ended June 30, 2008

Cash Flows from Operating Activities	
Change in Net Assets	\$ 5,728
Adjustments to Reconcile Change in Net Assets	
to Net Cash Provided by Operating Activities	
Depreciation	3,126
Decrease in Accounts Receivable	970
Decrease in Overdraft Payable	(13,733)
Increase in Accounts Payable	4,312
Increase in Payroll Taxes Payable	 3,545
Net Cash Provided by Operating Activities	3,948_
Cash Flows from Investing Activities	
Purchases of Equipment	(3,948)
Net Cash Used in Investing Activities	 (3,948)
Net (Increase) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	 <u> </u>
Cash and Cash Equivalents, End of Year	\$ -

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The significant accounting policies used in the accompanying financial statements are as follows:

Organization

The Louisiana Federation of Families for Children's Mental Health, Inc. (the Federation) is a statewide parent organization and network, which provides referral, informational, support and educational services to parents and advocacy on behalf of children with emotional, behavioral or mental health disorders and their families. The primary source of income is from contracts for services provided to the State of Louisiana.

Basis of Accounting

The financial statements of the Federation have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Federation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Federation is required to present a statement of cash flows.

The Federation has also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions. Restricted contributions are classified as unrestricted if the restriction was met in the same year the contribution was made.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets:

Furniture and Equipment

5 - 7 Years

The Federation capitalizes substantially all assets whose useful lives extend beyond a one year period.

Income Taxes

The Federation is a tax exempt, non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the accompanying financial statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Federation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Note 2. Expenses by Functional Category

As required by SFAS No. 117, the Federation's expenses for the year ended June 30, 2008, have been recapped by their functional categories as follows:

Program Expenses			
Region 3	\$	113,457	
Region 7 CCR	•	83,309	
Community-Based Mental Health Services Grant	,	73,475	
Research and Program Development - OMH-HQ	57,509		
LA YES	42,112		
Region 6	32,768		
Community Based Mental Health Services Linkage	10,873		
Region 7 FS	5,512		
Seclusions and Restraints	3,923 1,249		
Region 6 ADV			
Total Program Expenses	424,187		
Management and General Expenses			
Administration		108,867	
Operating and Maintenance	26,647		
Total Management and General Expenses	135,514		
Total Expenses	\$	559,701	

Directly identifiable expenses are charged to program expenses. Expenses are segregated by function and are not allocated to more than one function. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Federation.

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

Notes to Financial Statements

Note 3. Grants and Contracts

The Federation receives a majority of its funding through Federal and State grants and contracts. A brief description of its larger grants and contracts is as follows:

<u>Federal Block Grant for Community Mental Health</u> is a Federal pass-through regional contract funded mainly through Louisiana Department of Health and Hospitals - Office of Mental Health. These contracts are on a regional basis and are used for family mentoring, family support, care coordination and respite services. Their funding period runs from July 1st to June 30th. Total revenue for the year ended June 30, 2008, from the combined regions is \$288,830.

<u>Community-Based Mental Health Services Grant</u> is a Federal state-wide grant funded by the United States Department of Health and Human Services. Its funding period runs from September 2008 to September 2010. Total revenue for the year ended June 30, 2008, is \$85,781.

Administrative Contract is a state-wide contract funded through the Louisiana Department of Health and Hospitals, State Planning Council on Developmental Disabilities with Act 378 Community Service Funds. Its funding period runs from July 1st to June 30th and is used primarily for the federation's administrative, operating and education functions. Total revenue for the year ended June 30, 2008, is \$101,500.

<u>LA - YES (1)</u> is a state contract funded by the Louisiana Department of Health and Hospitals - Office of Mental Health. Its funding period runs from February 2007 to June 2008 and is used for providing staffing, training and support to families enrolled in the Louisiana Youth Enhanced Services (LA - YES). Total revenue for the year ended June 30, 2008, is \$41,755.

<u>Seclusions and Restraints</u> is a statewide contract funded by the Louisiana Department of Health and Hospitals - Office of Mental Health for providing training and support to families. Total revenue for the year ended June 30, 2008, is \$8,955.

The Federation also received \$4,208 in other miscellaneous grants and contracts.

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

Notes to Financial Statements

Note 4. Contracts Receivable

The detail of contracts receivable is as follows:

Department of Health and Hospitals

Office of Mental Health	Amount	
Region 3	\$ 39,178	
OM LA YES (1)	27,145	
Region 6	8,903	
H-HQ	8,391	
Administration	7,646	
Region 7 CCR	3,766	
Seclusions and Restraints	2,282	
Region 7 FS	1,593	
Region 6 ADV	1,240	
Total	\$ 100,144	

Contracts receivable at June 30, 2008, are estimated to be fully collectible.

Note 5. Fixed Assets

Depreciation expense for the year ended June 30, 2008, is \$3,126.

All assets acquired with Department of Health and Human Services funds are owned by Louisiana Federation of Families for Children's Mental Health, Inc., while used in the program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in these assets. Should these contracts not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Note 6. Concentration

The Federation receives almost all of its funding through Federal and State service contracts with durations of one year or less.



LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC. Schedule of Governing Board June 30, 2008

AREA A

Dr. Jorge Daruna, Professional

1465 Magazine Street New Orleans, LA 70130 Phone: 504-220-5826 E-mail: jdaruna@dhh.la.gov Term Expires 06/2010

AREA C

Joseph Davis, Professional

6299 Carroll Circle Shreveport, LA 71107 Phone: 318-287-3331 E-mail: Hesaloy5@aol.com Term Expires 06/2010

Jameka Howard

2521 Hwy 177 Pelican, LA 71063 Phone: 318-755-2145 Term Expires 09/2009

Timothy Thomas, Professional

7169 Kimberly Road Greenwood, LA 71033 Phone: 318-938-0543 Alt. Phone: 318-402-6069

E-mail: TimRThomas@bellsouth.net

Term Expires 06/2009

AREA B

Anthony D. Beasley, Parent

13411 Northstart Court Baton Rouge, LA 70815 Phone: 225-938-3299 E-mail: babeasley@cox.net Term Expires 09/2009

Frances Matthews, Parent

7584 Prescott Road
Baton Rouge, LA 70812
Phone: 225-357-7623
E-mail: franceswm@yahoo.com
Term Expires 09/2009

Brenda Middleton, Parent

11165 Black Oak Drive Baton Rouge, LA 70815 Phone: 225-274-6765

E-mail: hiddentreasure3@aol.com

Term Expires 09/2009

Deborah Whitfield, Professional/Parent

12578 Parnell Avenue Baton Rouge, LA 70816 Phone: 225-342-2769 Alt. Phone: 225-275-2740 E-mail: dwhit@cox.net Term Expires 06/2009

Josie Young, Parent

721 North 46th Street Baton Rouge, LA 70801 Phone: 225-923-0149

E-mail: JYoung150@yahoo.com

Term Expires 09/2009



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors Louisiana Federation of Families for Children's Mental Health, Inc. Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Federation of Families for Children's Mental Health, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated December 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit we considered the Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana Federation of Families for Children's Mental Health, Inc.'s ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Louisiana Federation of Families for Children's Mental Health, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

Improve Documentation on Payroll and Approved Salaries

Criteria: Salaries represent a significant portion of the expenditures of the Louisiana Federation of

Families for Children's Mental Health, Inc. during the fiscal year. Lack of documentation could lead to an over or under payment of wages and misstate the financial statements if

the errors are not detected and corrected.

Condition: We noted that no formal written documentation exists detailing the approved wage rate or

salary for each employee.

Cause: This condition appears to be an oversight by management.

Recommendation: We believe that the appropriate level of management should document the current

approved wages of personnel and include this in the personnel file. In addition, the appropriate level of management should approve rate changes and the resulting new rates and that the approval should be documented. Written authorization for pay rate changes should be maintained in the personnel file. Management should periodically review the payroll master file and computer pay rates to the authorized rates contained in personnel

files to determine that the current rates are appropriate.

Management's

Response: Management agrees with the deficiency as described above. Management will document

and approve each employee's wage rate and file approved changes in their personnel file.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Louisiana Federation of Families for Children's Mental Health. Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Federation of Families for Children's Mental Health, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Louisiana Federation of Families for Children's Mental Health, Inc.'s response to the deficiency identified in our audit is described above. We did not audit Louisiana Federation of Families for Children's Mental Health, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, finance committee, management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

La Professional Accounting Corporation

December 30, 2008

LOUISIANA FEDERATION OF FAMLIES FOR CHILDREN'S MENTAL HEALTH, INC. Schedule of Prior Year Findings and Responses For the Year Ended June 30, 2008

Improve Segregation of Accounting Duties

Status: This finding has been resolved.



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FOR CHILDREN'S MENTAL HEALTH



5627 Superior Dr. Suite A2 • Baton Rouge, LA. 70816-6085 • 225-293-3508 Parent Line 800-224-4010 • Fax 225-293-3510 • www.laffcmh.com

December 30, 2008

Legislative Audit Advisory Committee P.O. Box 94397 Baton Rouge, LA 70804-9397

To Whom It May Concern:

I am writing in response to the deficiency identified in the audit of Louisiana Federation of Families for Children's Mental Health, Inc. for the year ended June 30, 2008. Our corrective action plan is as follows:

Improve Documentation on Payroll and Approved Salaries

In response to this deficiency, we will document and approve each employee's wage rate and file approved changes in their personnel file. We expect to complete this by February 1, 2009.

Sincerely,

Ms. Verlyn Boyd Executive Director

Louisiana Federation of Families

For Children's Mental Health